

USAID

OFFICE OF INSPECTOR GENERAL

Audit of USAID-Financed Basic Education Program in Benin

7-680-02-005-P

September 13, 2002



RIG/Dakar



OFFICE OF INSPECTOR GENERAL

RIG/Dakar

September 13, 2002

MEMORANDUM

FOR: Harry Lightfoot, USAID/Benin Director

FROM: Lee Jewell III, RIG/Dakar /s/

SUBJECT: Audit of USAID-Financed Basic Education Program in Benin
(Report No. 7-680-02-005-P)

This report presents the results of our Audit of USAID-Financed Basic Education Program in Benin. In finalizing this report, we considered management's comments on our draft report and included them in Appendix II of the final report.

The report contains six recommendations. Based on appropriate action taken by the Mission, management decisions have been reached, and all recommendations are considered closed upon issuance of this report. No further action is required of the Mission.

I appreciate the cooperation and courtesies extended to my staff during the audit.

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Summary of Results

In 1991, the Benin education system was in total collapse characterized by low enrollment rates, lack of qualified teachers, lack of appropriate teaching materials and other problems. In conjunction with the Ministry of Education, grantees, and contractors, USAID/Benin developed the Basic Education Program (BEP) as its strategic objective no. 1, to address this problem. To measure progress, USAID/Benin has established four intermediate results, namely 1) improved pedagogical system, 2) increased girls' enrollment in targeted areas, 3) improved environment for stakeholders, and 4) improved management of the education system. (See page 4.)

The objectives of the audit were to determine 1) whether the BEP was meeting its intended objectives and 2) if selected recipients were complying with the terms of their agreements. Two recipients were judgmentally selected based on the dollar magnitude of their contracts, the overall impact on the BEP, and the time-frame of program maturity and future relevance. (See pages 13 through 15.)

In answer to audit objective number one, for the two activities and associated recipients that were selected for review, the BEP was making substantial progress towards meeting its intended objectives. (See page 5.)

However, with regard to the second audit objective, two instances of non-compliance with implementing partners were found. In the case of the Primary Education Non-governmental Organization Project, the recipient, World Education, did not report achieved output data in a manner consistent with the description of the proposed outputs per the grant agreement. We recommended that USAID/Benin develop an agreed-upon format and set up procedures to ensure consistent reporting of the recipient's quarterly performance reports. In another case, the Children's Learning Equity Foundation II, the recipient, The Mitchell Group (TMG), did not prepare and submit its quarterly performance reports in a timely manner. We recommended that USAID/Benin develop a plan of action that notifies both the recipients and the Mission Director when instances of non-compliance occur. We also recommended that such plan of action results in the Mission Director requesting that the recipient take immediate corrective action. Conversely, although not a part of our second objective but nevertheless a compliance issue, we found that USAID/Benin did not submit Contractor Performance Evaluation Reports to TMG on an interim basis as required. We recommended that USAID/Benin develop an internal control procedure to ensure that it submits the required performance evaluation reports to the contractor in a timely manner. (See pages 5 through 10.)

Not directly related to the audit objectives, but nevertheless indicative of a weakness in internal control, the audit revealed that informal commitments totaling \$334,000 were made by the Mission. We recommended that USAID/Benin establish procedures to use the USAID standard miscellaneous obligation form and train Mission employees on informal commitments. (See pages 10 & 11.)

Background

According to USAID reports, in 1991, the Benin education system was in total collapse, characterized by low enrollment rates, especially of girls, lack of qualified teachers, lack of a sound initial and in-service teacher training system, lack of appropriate teaching and learning materials and school infrastructure. In conjunction with the Ministry of Education, grantees, and contractors, USAID/Benin developed the Basic Education Program (BEP) as its strategic objective no. 1, to address this problem. This strategic objective was entitled “More Children Receive, on an Equitable Basis, a Basic Education That Prepares Them for Productive Roles in Society.” To measure progress, USAID/Benin has established four intermediate results, namely, 1) improved pedagogical system, 2) increased girls' enrollment in targeted areas, 3) improved environment for stakeholders, and 4) improved management of the education system (in the context of decentralization).

In its March 2000 annual report, USAID/Benin reported that its basic education program was meeting expectations with significant improvement in access and quality of educational materials and instruction. It reported seeing important trends in improved quality of teaching, the quality and availability of improved textbooks and workbooks, and the active participation of pupils in the classroom. For example, the overall reported primary school gross enrollment rate was increased from 56 percent in 1991 to 81 percent in 2000. However, while girls' enrollment rates had increased, the gap between girls and boys continued to remain high. In 2000, the ratio of girls to boys in primary schools nationwide was approximately 0.7 to 1. While the Ministry of Education is aware of these gaps, it has been slow to develop an effective response because it has been a highly centralized organization. Furthermore, lack of school infrastructures and inadequate number of properly trained primary schoolteachers are constraints faced by the Ministry. The Mission also cited lack of coordination among donors and low absorptive capacity of funds as future challenges.

The audit covered two major BEP projects. The first was The Mitchell Group's "Children's Learning Equity Foundation II" (CLEF II) program. This program received an initial award of \$8,199,051 on June 16, 1998. The contract expired on July 31, 2001 with a total contract amount of \$11,169,442. The objective of the CLEF II project was to support the four intermediate results mentioned above.

The second project was World Education's Primary Education Non-governmental Organizations Project Phase II. The grant agreement required World Education to set up and train parent-teacher associations to develop grass roots involvement by parents in primary education. The grant for this project covered a five-year performance period beginning June 30, 1998 and ending June 29, 2003 with total life of project funding totaling \$10,097,190. USAID appropriated funding was \$5.7 million for each year for fiscal year 2000 and for fiscal year 2001.

Audit Objectives As part of its Fiscal Year 2002 Audit Plan, the Regional Inspector General, Dakar (RIG/Dakar) designed this audit to answer the following objectives:

- 1) Is USAID/Benin's Basic Education Program meeting its intended objectives?**
- 2) Are selected recipients in the program complying with the terms of their agreements?**

Appendix I contains a complete discussion of the scope and methodology of the audit.

Audit Findings **Is USAID/Benin's Basic Education Program meeting its intended objectives?**

For the two activities and associated recipients selected for review, it was determined that USAID/Benin's Basic Education Program (BEP) is making substantial progress in meeting its intended objectives.

For example, concerning the Children's Learning Equity Foundation II (CLEF II) project, the Mitchell Group (TMG) had many accomplishments such as the development and printing of textbooks, the establishment of the girls' equity network, the improvement of financial procedures at the Benin Ministry of Education. TMG also contributed to the establishment of the national forum to facilitate decentralization.

TMG was awarded the initial \$8,199,051 CLEF II contract on June 16, 1998 with an effective date of August 1, 1998. The contract was modified eight times; the final Contractor Performance Report indicated that the contract expired on July 31, 2001 with a total contract amount of \$11,169,442. The CLEF II project supported the following four intermediate results (IR) associated with strategic objective 1 (SO1):

- IR 1: Improved pedagogical system,
- IR 2: Increased girls' enrollment in targeted areas,
- IR 3: Improved environment for stakeholders, and
- IR 4: Improved management of the education system (in the context of decentralization).

Major requirements of the CLEF II project included the development of curricula and textbooks to accomplish the goals of IR 1, establishment of the "Girls' Network" to support IR 2, decentralization projects to promote IR 3, and improvements in the educative financial management system to achieve IR 4.

Consistent with the above IRs, major accomplishments of the CLEF II project included:

- New curricula, French and Mathematics books, and teacher guides developed and printed (up to Grade 4).
- Grass roots activities implemented a network to promote equity and girls' participation set up, and a system to monitor equity developed.
- Financial procedures at the Ministry of Education evaluated, improved and training conducted to ensure the use of new procedures.
- Ministry of Primary and Secondary Education's information management system improved and assistance provided in setting up a national forum to decentralize operations to the regional and local administrative levels.

Concerning the Primary Education NGO Project (PENGOP) Phase II, World Education (WE) had made significant progress in setting up the parents association network (APEs).

The grant agreement required WE to set up and train parent-teacher associations, so as to develop grass roots involvement by parents in order to promote primary education agenda. WE in turn recruited and worked with local non-governmental organizations (NGOs) in accomplishing the milestone requirements. Major accomplishment of the PENGOP II project included the strengthening of:

- The functional capacity of Parent Associations.
- The functional capacity of federations of Parent Associations.
- The participation of Parent Associations in the primary school system.

The grant was effective September 12, 1997 and covered a five-year performance period beginning June 30, 1998 and ending June 29, 2003. The estimated amount of the award was \$9,126,000, with WE cost sharing being \$971,190, yielding a total program amount of \$10,097,190 for PENGOP Phase II. To accomplish the goals of the grant, WE directly supported USAID/Benin's Strategic Objective 1, "*More Children Receive a Quality Basic Education on an Equitable Basis,*" particularly, Intermediate Result #3 (IR 3), "*Improved Environment for Stakeholders,*" which calls for increased parent-teacher associations' involvement in schools in many different dimensions.

Are selected recipients in the program complying with the terms of their agreements?

Both TMG and WE complied with most aspects of their agreements in assisting USAID/Benin to achieve its BEP objectives as described under audit objective number one above, of which several examples are given and relevant also under our second audit objective. However, the selected recipients tested did not comply with all the terms of their agreement. Related, but not a part of our objective, USAID/Benin also failed to comply with one of the terms of the agreement.

In PENGOP Phase II, WE's quarterly performance reports did not report achieved output data in a manner consistent with the description of the proposed outputs per the grant agreement. In a second project, the CLEF II, TMG did not prepare and submit its quarterly performance reports in a timely manner. Conversely, USAID/Benin did not submit Contractor Performance Evaluation Reports to TMG on an interim basis as required. These findings are further discussed below.

Agreed-to Outputs Not Consistently Reported to Permit Progress Measurement

WE did not consistently report (from quarter-to-quarter) the required and agreed-upon output information on program performance. Of the 14 agreed-upon targeted outputs, WE consistently and directly reported on only six, which is equivalent to 43 percent.

The grant agreement required WE to collect relevant BEP statistical data and to report on 14 major outputs as indicators in order to determine whether USAID/Benin was meeting its BEP objective with regard to the PENGOP Phase II project.

In accordance with the grant agreement, sub-section 1.5.2, "Monitoring and reporting program performance," the grantee is required to submit quarterly project progress reports and annual "non-competing continuation applications" to the Mission's Basic Education Team (BET). Furthermore, the agreement stipulates that the recipient shall, in collaboration with USAID/Benin, identify an appropriate list of indicators to assess program progress. Reporting on these indicators shall be included in the quarterly progress performance report.

WE revised its operational focus from quarter to quarter, mindful of its overall goal of helping to create and train the parent-teacher associations, but did not feel bound to measure progress based on its originally agreed-to outputs with the Mission. Although the Mission commented at times to WE about the latter's reporting format, the Mission did not insist on a corrective action by WE.

As a consequence of this deficiency in reporting, the Mission and WE did not know the progress being made by the latter in attaining all the targeted outputs.

For consistency with the grant agreement and to better measure progress in USAID/Benin's BEP, we make the following recommendation:

Recommendation No. 1: We recommend that USAID/Benin, in collaboration with World Education, develop an agreed-upon format and set up procedures to require consistent reporting of World Education's quarterly performance reports.

**Quarterly Performance Reports
Not Prepared and Submitted Timely**

TMG did not prepare and submit its quarterly performance reports to USAID/Benin in a timely manner.

According to the contract, number 624-C-00-98-00013-00 dated June 16, 1998, TMG was required to submit performance monitoring reports to USAID within 30 days of the calendar quarters ending on March 31, June 30, September 30, and December 31. A review of submitted reports and ensuing discussions with the Mission's basic education team (BET) members confirmed that these reports were consistently submitted late. In fact, when the current Mission's basic education team members joined the program in 1998, TMG had not submitted a performance monitoring report for over a year.

Assuming that the reason for the non-compliance was due to a misunderstanding of the requirement, the Mission's basic education team made a written request to TMG asking for regular submittals of the performance reports. As the CLEF II contract matured, there was improvement in the timeliness of submitted reports. However, even with these improvements, the majority of the reports were submitted more than 30 days later than the contract specified deadline of 30 days after the end of calendar quarters. Furthermore, while a current basic education team member made an initial request to have the performance monitoring reports submitted regularly, the Mission did not follow up and take action that would have resulted in compliance with the required 30-day reporting by TMG.

When members of the Mission's basic education team found some of the performance monitoring reports inaccurate and rather aggressive in the manner they represented progress in the period of performance, action taken by the Mission's basic education team to address the aggressive reporting by TMG may have added to the tardiness of the final draft of the performance monitoring report in some cases. Furthermore, due to the tardiness by TMG in submitting the reports, the Mission and TMG did not have updated accurate information to manage activities and to measure progress. This could have resulted in faulty decisions based on untimely and inaccurate information. Also, in certain cases, not having accurate information could lead to deviations from intended work scope and result in program cost escalations.

To encourage timely reporting by the recipient that would result in the Mission's use of up-to-date information and feedback in its ongoing project decision-making, we are making the following recommendations:

Recommendation No. 2: We recommend that USAID/Benin develop a plan of action that notifies both the recipient and Mission Director when instances of non-compliance occur with respect to reporting.

Recommendation No. 3: We recommend that USAID/Benin provide, in this plan of action, for the Mission Director to request that the recipient take immediate corrective action, when instances of non-compliance occur with respect to reporting.

Contractor Performance Evaluation Reports Not Submitted as Required

USAID/Benin did not submit contractor performance evaluation reports to TMG.

According to the contract, number 624-C-00-98-00013-00, with TMG, dated June 16, 1998 the contracting officer was to use information contained in the performance monitoring reports and input from the contracting officer's technical representative to evaluate contractor performance, for multi-year contracts, on an interim basis. Based on discussions with the Regional Contracting Officer (RCO) and the review of the procurement guidance in this area, *Best Practices for Collecting and Using Current and Past Performance Information*, the Contracting Officer, in this case, is required to conduct interim assessments at least every 12 months. Specifically, for contract actions exceeding \$100,000, if the performance period exceeds 18 months, then the contracting officer should conduct interim assessments at least every 12 months. Furthermore, the guidance recommends that interim assessments be prepared and discussed with contractors at least every six months, sometimes more often depending on contractor performance problems.

A review of USAID/Benin prepared performance evaluation reports and ensuing discussions with procurement officials revealed that there was only one performance evaluation report completed and submitted to TMG during the three-year contract performance period (August 1, 1998 – July 31, 2001). That report was submitted to TMG on April 19, 2000, over 18 months into the contract period of performance. TMG provided a response to the evaluation, and it was finalized on May 9, 2000. According to the USAID/Benin procurement staff, a final end of contract evaluation was prepared, but it was not formally submitted to TMG for review.

Further evaluation and discussions with the procurement staff revealed that performance evaluation reports were initially prepared in Benin and were forwarded to the RCO in Dakar, Senegal for comments. Due to a communication breakdown between the acquisition specialist in Benin and the RCO in Dakar,

certain reports were not finalized and submitted to TMG on an interim basis (yearly) as required.

As a result of not submitting performance evaluation reports to TMG as required, the contractor did not receive official and timely feedback on its performance. Although no specific negative impact occurred that was observable from this deficiency, tardiness in submission of a performance evaluation report could have impacted contract performance in the subsequent years of the multi-year contract. Furthermore, the performance evaluation report could have served as a vehicle to notify the contractor of ongoing issues associated with late performance monitoring report submittals. To provide the contractors with ample opportunity to use the Mission's feedback in its project performance strategy, we have the following recommendation:

Recommendation No. 4: We recommend that USAID/Benin develop an internal control procedure to mandate the submission of required performance evaluation reports to the contractor in a timely manner.

Unrelated internal control finding

Informal commitments were made in implementing BEP and other USAID/Benin activities. This finding is further discussed below.

Informal Commitments Made in Implementing Some BEP and Other Activities

While conducting the audit, the Mission Director revealed that various informal commitments were made by the USAID/Benin Basic Education Program Project Officer in implementing some basic education programs and other USAID/Benin activities. This was subsequently confirmed during interviews with the USAID/Benin Acting Controller and the USAID/Benin Executive Officer. These informal commitments totaled approximately \$71,000, \$46,000, and \$217,000 in 1999, 2000, and 2001, respectively. According to USAID automated directives system (ADS) 303.5.14, "Informal commitments occur when an unauthorized USAID official acts in a manner which appears to a recipient or a potential recipient acting in good faith that USAID has committed to make a specific award, change the amount of the existing award, or revise an existing award budget, program description or any of the terms and conditions of the award." Furthermore, according to the same ADS, it is against USAID policy to enter into informal commitments.

The Mission had in place and used a form called the "Miscellaneous Commitment Document" which allowed the BEP project officer to pay for certain program activities directly. Due to an oversight in preparing a form that would have required the signature of the Executive Officer, the Mission spent funds on basic

education program activities without having a properly signed authorizing document. As a result, funds were obligated and spent without proper authorization.

The Mission was aware of the problem before the audit and had already taken steps to correct it. However, in order to discourage entering into future informal commitments and to ensure a complete remedy for those that have occurred, we make the following recommendations.

Recommendation No. 5: We recommend that USAID/Benin establish procedures to use the USAID standard miscellaneous obligation form in obligating funds.

Recommendation No. 6: We recommend that USAID/Benin provide training to the Mission employees on informal commitments.

Management Comments and Our Evaluation

In response to the draft report, USAID/Benin agreed with all of the findings and recommendations in the draft audit report. Based on appropriate action taken by the Mission, all recommendations are considered closed upon the issuance of the final report.

Recommendation No. 1 requests that the Mission in collaboration with World Education develop an agreed-upon format and set up procedures to ensure consistent reporting of World Education's quarterly performance reports. The Mission concurred with this recommendation and developed a new reporting format that states all the outputs and indicators of the projects.

Recommendations No. 2 and 3 asks that the Mission develop a plan of action that notifies both the recipient and the Mission Director when instances of non-compliance occur and to request that the recipient take immediate corrective action. The Mission concurred with the recommendations and has developed a plan of action that will enable it to track submission of quarterly reports and encourage timely reporting. The Mission also agreed to notify cases of non-compliance through letters from the Mission Director to the recipients requesting that immediate corrective action be taken.

Recommendation No. 4 requests that the Mission develop an internal control procedure to ensure that it submits the required performance evaluation reports to the contractor in a timely manner. The Mission agreed to update its Mission Performance Monitoring System to incorporate the recommendation.

Recommendation No. 5 asks that the Mission establish procedures to use the USAID standard miscellaneous obligation form in obligating funds. The Mission

concurrent with the recommendation and has begun to use Agency form AID 7-7 (3-80), Miscellaneous Obligor Document.

Recommendation No. 6 requests that the Mission provide training to its employees on informal commitments. The Mission concurrent with the recommendation and has held training sessions where various cognizant personnel provided training.

Scope and Methodology

Scope

The Regional Inspector General, Dakar conducted this audit in accordance with generally accepted government auditing standards. The purpose of the audit was twofold: 1) to determine if USAID/Benin's Basic Education Program (BEP) was meeting its intended objectives, as measured by certain intermediate agreed-upon indicators and outputs with its implementing partners and 2) to determine if selected recipients were complying with the terms of their agreements.

To answer these objectives, our audit scope included USAID financed BEP activities funded with fiscal years 2000 and 2001 appropriations. We assessed management controls governing the identification, analysis, and ultimate disposition of funding as they related to selected sections of the Foreign Assistance Act of 1961.

Methodology

We then analyzed the Mission's internal control system, especially with regard to the funding arrangements, performance monitoring and measurement tools. We also analyzed the compliance and reporting requirements associated with the BEP and compared our results to the requirements found in USAID and relevant federal guidance. The Mission's performance monitoring control system was generally functioning as intended but because of general concerns regarding implementing partners' reporting methodology, we assessed control risk as medium.

In order to determine if USAID/Benin's BEP was meeting its intended objectives, and whether selected recipients were complying with the terms of their agreements, we decided to select a sample of recipients for detailed audit testing. Contracts and/or grants associated with all of the recipients were requested and reviewed in order to narrow the scope to the major and significant recipients. The criteria utilized to select the recipients and programs for review and testing were 1) dollar magnitude of the contract/project, 2) impact on overall BEP, and 3) time-frame of program maturity and future relevance.

Based on the above review and analysis, the Primary Education NGO Project (PENGOP) Phase II and Children's Learning Equity Foundation II (CLEF II) projects and their associated recipients were selected for review. The grantee for PENGOP Phase II was World Education and that for CLEF II was The Mitchell Group (TMG).

PENGOP Phase II and World Education

To fulfill our audit objective, we therefore proceeded to test compliance by World Education with the data collection and reporting requirements as well as USAID/Benin's Basic Education Team's (BET) project performance monitoring controls. This was accomplished, amongst other auditing procedures, through judgmentally selected reviews of (1) quarterly financial, performance and annual reports through fiscal year 2001, (2) Non-competing Continuation Applications and, (3) the statistical database of World Education. We also complemented these reviews with field visits to World Education offices and site visits to the schools and parent-teacher associations. Additionally, we reviewed reports of field visits and other performance monitoring procedures performed by the BET.

CLEF II and TMG

To determine if TMG had complied with the terms of the CLEF II agreement, milestone requirements from each of the intermediate results were randomly selected for further review and testing. Certain contract terms were also selected and tested to ensure that BET adequately monitored contractor performance during the three-year span of the CLEF II contract. In selecting contract terms for compliance testing, we chose contract terms pertaining to contractor performance. In particular, we emphasized performance reporting by TMG and contractor performance evaluation requirements by USAID/Benin.

In testing for achievement of milestone requirements, we relied on the following:

- review of BET documentation of monitoring activities,
- review of completed requirements such as textbooks and curricula,
- review of external data and documentation, and
- field observations and discussions with beneficiaries.

For those requirements that produced ascertainable end results such as textbooks and curricula, we observed their existence through reviewing manuscripts (curricula) and physically viewing textbooks. We ascertained the existence of textbooks through samples provided by the Mission, and more significantly, we were observed the use of these books and the newly developed curricula and pedagogy through our field visits to the Borgou region of Benin. In certain cases, we verified completion of requirements by reviewing statistics provided by the Ministry of Education; this included statistics on distribution of textbooks by region. In other cases, milestone requirements called for independent assessments by external parties. In these cases, we requested copies of the assessments from the Mission and reviewed them to ensure that the scope was adequately covered and that identified weaknesses were properly addressed by the Mission.

During our field visits to the Borgou region we observed the newly developed pedagogy for the primary schools implemented in all of the schools we visited. In most cases, the CLEF II funded French and Mathematics books were provided to students at the prescribed ratio of two students per book and one student per each workbook. However, in several cases, the books were not adequately covered with book-covers and showed premature wear and tear.



Photograph of students at the Biro School in Perere (Borgou region) using the textbooks and pedagogy developed by the CLEF II project.

In assessing significance, we used a materiality threshold of five-percent noncompliance/non-achievement rate for the overall sample tested against the performance criteria in each audit objective.

Management
Comments:



U.S. Agency For International Development

August 21, 2002

ACTION MEMORANDUM

TO: Henry Barrett, RIG/Dakar
FROM: Harry M. Lightfoot, Director - USAID/Benin /s/
SUBJECT: Draft Audit Report Number 7-680-02-00X-P of
USAID-Financed Basic Education Program in
Benin

As requested, the Mission has reviewed RIG's draft audit report on USAID-Financed Basic Education Program in Benin. Please find below our response to the report's recommendations.

Recommendation No.1: "We recommend that USAID/Benin, in collaboration with World Education, develop an agreed-upon format and set up procedures to ensure consistent reporting of World Education's quarterly performance reports."

Action taken: In order to address the recommendation No.1, the Basic Education Team, in collaboration with World Education, developed a new reporting format entitled "Outputs Tracking Table" stating all the outputs and indicators of the projects. Partners report on progress pertaining to each output using this table. The table was shared with the other USAID-funded education partners and with other USAID/Benin Strategic Objective and Special Objective (SO/SpO) Teams that adopted it. [REDACTED]
[REDACTED]

Recommendation No.2: "We recommend that USAID/Benin develop a plan of action that notifies both the recipient and Mission Director when instances of non-compliance occur."

Action taken: See Mission Action Plan under Recommendation No.3.

Recommendation No.3: "We recommend that USAID/Benin provide, in this plan of action, for the Mission Director to request that the recipient take immediate corrective action, when instances of non-compliance occur."

Mission Action Plan: The Basic Education Team developed, for each recipient, a performance report monitoring chart that enables it to keep track of the submission of quarterly reports and encourage timely reporting. To comply with the audit recommendation, the Mission Director sent letters to recipients that did not submit their quarterly reports in a timely manner.

In addition to that, USAID/Benin will include in its Performance Monitoring System a paragraph urging SO/SpO Teams to notify cases of non-compliance through letters from the Mission Director to the recipients requesting that immediate corrective action be taken. The Mission will furthermore monitor contractor and grantee compliance with reporting requirements as part of its semi-annual portfolio review.

Recommendation No.4: "We recommend that USAID/Benin develop an internal control procedure to ensure that it submits the required performance evaluation reports to the contractor in a timely manner."

Mission Action Plan: USAID/Benin would like to point out that the Basic Education Team (BET) and TMG met on a regular basis to assess progress towards the achievement of the contract milestones and to discuss and address implementation issues. During these

meetings, the BET provided feedback on the project performance.

BET prepared the required performance reports that were submitted to the Mission Office of Procurement (OP) for transmission to TMG through the Regional Contracting Officer (RCO). According to the discussion OP had with the auditors, some of these reports were not submitted to TMG on an interim basis due to communication problems between the RCO and OP. This is a communication issue, not a non-compliance one.

USAID/Benin will include in its Mission Performance Monitoring System a paragraph dealing with the submission of performance evaluation reports to the contractors in a timely manner.

USAID/Benin will then monitor its compliance with this requirement during semi-annual portfolio reviews.

Recommendation No.5: "We recommend that USAID/Benin establish procedures to use the USAID standard miscellaneous obligation form in obligating funds."

Action taken: On December 14, 2001, the Mission issued a notice discontinuing the issuance of Miscellaneous Commitment Document (MCD) and replaced it with the Agency form AID 7-7 (3-80) Miscellaneous Obligating Document (MOD). This policy has been implemented and the use of a MCD is no longer a practice in this Mission [REDACTED]

Recommendation No.6: "We recommend that USAID/Benin provide training to the Mission employees on informal commitments"

Action taken: On December 13, 2001, the Regional Contracting Officer (RCO), Lawrence Bogus conducted training in the Mission on informal commitments. The EXO followed up on December 18, 2001 with a Memorandum disseminating an Administrative Notice from the Embassy fully discussing the subject of "Unauthorized Commitments". The EXO also requested that a training session be held during the visit of Mr. Alan Bellefeuille, OP/E. One hour of training by lecture

and panel discussion was performed on June 14, 2002 by the RCO, the EXO, the TDY Acting Controller Donna Brazier, and Alan Bellefeuille. Attendance was mandatory for personnel from the technical offices, the Executive Office and the Office of Financial Management. The training session covered aspects of procurement authority by warrant and by position, other inherent authorities by positions, recurring obligations, informal commitments and the discontinuance of MCDs. [REDACTED]

Conclusion:

USAID/Benin concurs with the findings and recommendations in the draft audit report.

USAID/Benin appreciates the RIG's assistance, and believes that the implementation of the above action plans will further enhance USAID-financed development programs in Benin.

[REDACTED]

Deleted items - Relate to matter not included in the final report.